

## SECRET

Record of the Meeting of Privy Council Held on 3 July, 1935.

Re: A) The conclusion of an agreement between Japan and Manchoukuo on the establishment of a Joint Economic Committee.

B) The changes to be made in the organization of the Ministry of Communications.

The meeting of the Privy Council was opened on 3 July 1935 in the presence of His Majesty the Emperor.

Others present were as follows:

Chairman	ICHIKI
Vice-Chairman	HIRAKUMA

## Members of the Cabinet:

Premier	OKADA
Home Minister	GOTO
Navy Minister	OSUMI
Foreign "	HIROTA
War "	HAYASHI
Communication Min.	TOZUKAMU
Commerce & Industry	MACHIDA
Agriculture & Forestry	YAMASAKI
Overseas Min.	KODAMA

## Councillors:

KUBOTA	ISHII	ISHIZUKA
TOMII	ARIMA	SAKAMOTO
KURODA	HARA	ISHIWATA
SAKURAI	KUBOTA	SHIMIZU
ARAI	MOTODA	FUJISAWA
KAWAI	SUZUKI (Soroku)	HAYASHI
SUZUKI (Kantaro)		

## The absentees:

## Imperial Princes:

Prince YASUHIRO  
Prince NORUHITO  
Prince KOTOHITO

## Ministers:

Minister of Finance	TAKAHASHI
" " Justice	OHARA
" " Education	MATSUDA
" " Railways	UCHIDA

## Councillors:

KANEKO, ISHIGURO, ISHINARA, KURINO.

/Names of other minor members will be omitted here/

Chairman ICHIKI: The meeting will now be opened.

Our subject will be the conclusion of an agreement on the establishment of a Joint Economic Committee between Japan and Manchuria. We shall have the first reading, and omitting the recitations we shall immediately hear the report of the chairman of the Investigation Committee.

Reporter ARAI: Having been appointed members of the Investigation Committee to study on the subject which was referred to the Privy Council by His Majesty the Emperor for deliberation, we held a committee meeting on the 27th of this month, and after inquiring the Minister of State and other authorities connected with the subject, we have completed its investigation.

The Empire's basic policy toward Manchukuo is, as it has been declared in the Rescript of March 1933, on the withdrawal from the League of Nations and in the Japanese-Manchurian Agreement concluded in Sept. 1932, to recognize and respect Manchukuo's independence and help its progress and development by maintaining an inseparable relationship between the two countries.

It has been the constant wish of the Japanese Government to adhere to this principle in taking any form of measures and to secure a strong connection with Manchukuo. Thereby, based on the article on the united front in the Japanese-Manchurian agreement, Japan has established the right to garrison Japanese troops permanently in Manchukuo and has also formed military agreements with her.

In the diplomatic field, it was concluded in the official documents exchanged at the time of the establishment of the Manchurian Empire last March, that Manchuria should submit, beforehand, all diplomatic and military matters to the Japanese government for thorough and unreserved deliberation. However, in comparison to the military diplomacy, no system has been established, as yet, for cooperative measures in the economic field which plays a close and vital role in uniting the two countries. Therefore, the Japanese Government has no formal voice

in the management of the economic problems of Manchuria which have important relations with that of Japan, especially in the supervision of the Japanese-Manchurian joint concern having its object in the important industries of that country; and Japan, at present, is obliged to leave it up to the discretion of the Manchurian Government.

This is no way to hold an inseparable tie between the two countries, nor is it without doubt, the way to strengthen the economic interdependent relations of our countries. As long as it is related to the unity of both countries, it is necessary that Japan should gain formal voice in the economic field as well as in the military and diplomatic fields through the establishment of cooperative measures based upon an organization. To meet this necessity Japan has found it well to conclude a pact with a view to establishing a joint instrument between the two countries, and has been able to draft concrete plans for this purpose by having a Japanese diplomat in Manchuria negotiate with that government.

The agreement of the programme is a document entitled:

"An agreement between Japan and Manchukuo on the the establishment of a Joint Economic Committee", with an "annex" giving the precise details of the agreement and is a "matter of understanding concerning the conclusion of a pact for the establishment of a joint committee, agreed upon by representatives plenipotentiary of both countries." The fundamental principles of each department are as follows:

I. The Agreement.

- (1) A Joint Economic Committee of Japan and Manchukuo will be established permanently in Hsinking, Manchoukuo.
- (2) The committee will deliberate on and answer all questions submitted by the Japanese and Manchurian governments on all important matters concerning the economic tie of the two countries and the supervision of business of the Japanese-Manchurian Joint special corporation. The two governments cannot settle any of the above matters until they have been submitted to the committee for deliberation.
- (3) If necessary, the committee may make proposals to the governments of Japan and Manchukuo on any matter concerning the rational economic unification of the two countries.
- (4) The organization and operation of the committee will be prescribed in the annex.

- (5) The agreement will go into effect on the date of signature. Both Japanese and Chinese will be the official language, and in case of a difference in the interpretation of the two texts, it will be settled according to the Japanese text.

## II. Annex.

The fundamental principle of the organization and operation of the committee will be prescribed in the annex.

- (1) The committee shall consist of eight members, four from each country, which shall report to each other. In case of absence of any member, a proxy will be appointed through the conference of the Japanese plenipotentiary in Manchukuo and the Prime Minister of Manchukuo. If necessary, the two governments may appoint the same number of temporary member after a consultation.
- (2) The chairman of the committee will be elected by mutual vote among the members. (He will be elected at every meeting.)
- (3) The same number of secretaries will be appointed by the two governments from among the staff members to take care of the general affairs of the committee.
- (4) All matters of the committee will be decided by a majority. The chairman has the right to vote as a member, and in case of a tie he has the right to make the decision.
- (5) The rules for the proceedings in the committee will be set by the committee after obtaining approval of the two governments.

## III. Understood matters.

More definite rules on the organization and power of the Joint Economic Committee will be given here in detail:

- (1) Japan's permanent members of the committee shall consist of the Chief of Staff of the Kwantung Army, the Chief Counsellor in full service at the Japanese Embassy in Manchukuo, Chief of the Kwantung Bureau, and one member specially appointed by the government.

The Manchukuo members shall consist of the Ministers of Foreign Affairs, Commerce and Industry, and Finance, and Head of General State Affairs.

- (2) The important matters to be deliberated by the committee, and are connected with the economies of the two governments are: the export, import and tariff problems; the development and control of the important industries; the enactment and amendment of laws concerning the establishment of a special Japanese-Manchurian Joint Corporation; investment; and other important problems concerning the economic connection of the two governments and are within the power of the Manchurian Government. Those matters important to the economic ties of both governments but are within Japan's power will not be taken up by this committee. Because they will not be deliberated by the committee they will be made into unilateral contracts binding only the Manchurian Government.
- (3) The important matters to be deliberated by the committee concerning the supervision of business of the special Japanese-Manchurian Joint concern include; the important amendments in the regulations of corporations, the purpose of which is to materialize important industries concerned with economic unity of both governments, and which have been established according to the laws of one of two countries and more than half of whose capital has been raised by the government, citizens, or juridical persons of the opposite government; the disposition of the profit of said corporation and the recognition of the decision to amalgamate or dissolve.

As there is as yet no corporation established according to the Japanese law with more than half of Manchurian investment, the agreement in reality binds only the Manchurian Government in this point also. Due to the existence in the document of such one sided articles binding only Manchukuo, the authorities have declared, after an agreement brought forth by the two governments, to have this point kept secret.

The point is that the agreement aims at the realization of a rational unification of the economies of the two countries by a full and close cooperation to strengthen permanently the economic relations according to the principles of the Japan-Manchukuo Agreement. For the purpose the Japanese-Manchurian Joint Economic Committee has been formed. Whenever important economic question relating to the two countries arise, the committee will deliberate on it and settle it.

In view of the special relationship of the two countries and the



assistance the committee will accord Japan in accomplishing her Manchurian policy, the said agreement is approvable in its general principle with little or no disapproving points in the articles. It is needless to say, such special provisions without proper application will never attain expected results, so the authorities must give their fullest attention in enforcing the agreements. The agreement has been approved unanimously by the Investigating Committee with hopes that the authorities will not err in their enforcement and would render the best results.

The result of the investigation has been reported as above.

MOTODA: According to this agreement, matters concerning Japanese-Manchurian joint concerns with more than half of capital invested by opposite party must be deliberated by the committee. Is it proper to set the investments of both countries on an equal basis?

Furthermore, the committee shall consist of <sup>four</sup> members from each country, from among whom the president is appointed by mutual election. The chairman not only has a right to vote but has the power of decision, acquiring for herself a tremendous power. His term, moreover, has not been set.

According to the investigation report the chairman is elected at every meeting, but such matters require more definite rules or it will give rise to doubts. I think it proper to set this rule in the agreement and also in the proceedings regulations. At any rate, with only the rules of agreement the question brought to the committee for deliberation are apt to be decided by the chairman alone. The agreement, I feel is not completed on this point. May I hear the opinions of the authorities regarding this matter?

HIROTA: By his question, I take counsellor MOTODA to mean that should the committee consist of four members from each country Japan might be at a disadvantage in case a matter is decided by the chairman. I ask him to consider the fact that three out of the four from Manchukuo are Ministers and the remaining one is the Chief of General State Affairs who is, and will be, a Japanese forever, I am confident. Although he is an official of Manchurian, he is the central organ assuming the leadership of that country. Therefore, in case of a difference of opinions between the two countries, it cannot be imagined that he will make any decision that will be disadvantageous to Japan.

The chairman may make the final decision at times, but we felt it improper for him to have a permanent position, so we have adopted the system of electing the chairman at every meeting according to the nature of the matter to be deliberated. This point, however, may need full reconsideration when regulations for the proceedings are enacted in the future.

assistance the committee will accord Japan in accomplishing her Manchurian policy, the said agreement is approvable in its general principle with little or no disapproving points in the articles. It is needless to say, such special provisions without proper application will never attain expected results, so the authorities must give their fullest attention in enforcing the agreements. The agreement has been approved unanimously by the Investigating Committee with hopes that the authorities will not err in their enforcement and would render the best results.

The result of the investigation has been reported as above.

MOTODA: According to this agreement, matters concerning Japanese-Manchurian joint concerns with more than half of capital invested by opposite party must be deliberated by the committee. Is it proper to set the investments of both countries on an equal basis?

Furthermore, the committee shall consist of <sup>four</sup> members from each country, from among whom the president is appointed by mutual election. The chairman not only has a right to vote but has the power of decision, acquiring for herself a tremendous power. His term, moreover, has not been set.

According to the investigation report the chairman is elected at every meeting, but such matters require more definite rules or it will give rise to doubts. I think it proper to set this rule in the agreement and also in the proceedings regulations. At any rate, with only the rules of agreement the question brought to the committee for deliberation are apt to be decided by the chairman alone. The agreement, I feel is not completed on this point. May I hear the opinions of the authorities regarding this matter?

HIROTA: By his question, I take counsellor MOTODA to mean that should the committee consist of four members from each country Japan might be at a disadvantage in case a matter is decided by the chairman. I ask him to consider the fact that three out of the four from Manchukuo are Ministers and the remaining one is the Chief of General State Affairs who is, and will be, a Japanese forever, I am confident. Although he is an official of Manchurian, he is the central organ assuming the leadership of that country. Therefore, in case of a difference of opinions between the two countries, it cannot be imagined that he will make any decision that will be disadvantageous to Japan.

The chairman may make the final decision at times, but we felt it improper for him to have a permanent position, so we have adopted the system of electing the chairman at every meeting according to the nature of the matter to be deliberated. This point, however, may need full reconsideration when regulations for the proceedings are enacted in the future.

In short, the set up of the committee may apparently seem equal on the part of both countries, but in reality it is not. Such being the case, we should like to have the agreement stand as it is despite some points that may be difficult to interpret.

MOTODA: I do not think that there is any need of enforcing treaty rights between the two countries today, but not to form any agreement for this reason should be a lack of prudence. If agreements are to be formed, it should be made so as to be applicable to the nation's plans for a hundred years.

It has been stated in the Investigation Report that the fullest attention should be paid in enforcing the agreement, that no error should be made, etc. I hope that the authorities will give their full consideration to this point, which I think comprises many meanings.

SAKAMOTO: I agree with the opinion of Councillor MOTODA. According to the Foreign Minister's reply, a Japanese is appointed as Chief of General State Affairs, and as he will do his duty as a Japanese, he will not act against Japan's interest. Should he act in favor of Japan in case of an opposition of the two countries' interest, he will incur the ill-feeling of the Manchukuo people. As long as he is an official of Manchukuo, we must not be too sure that he will not act against Japan's interest. I should like to ask the authorities' opinions on this point. Furthermore, there is no case in our country where a chairman is elected at every meeting. Can the authorities tell me of such a case, if it should exist?

HIROTA: I take the question to mean that even if he is a Japanese, the Chief of General State Affairs must do his duty as a loyal official of Manchukuo; and that therefore, it will be impossible for him to decide in favor of Japan's interest. The Chief of General State Affairs, who is the general manager of the Japanese officials there, is employed by the Manchoukuo Government to guide it. He is an official of Manchoukuo and simultaneously a leading instrument dispatched by Japan. He, therefore, must perform both duties, and it is his primary duty to see that there will not be any opposition between Japan and Manchoukuo.

In case the Manchoukuo members of the Committee should purposely scheme to act against Japan's interest after the committee is formed, the chief of General State Affairs will take proper measures after giving due consideration to the interests of both countries. It will be his duty to lead Manchukuo in such a way that such fear would be unnecessary.

KURIYAMA (member of Investigation Committee): There was a question as to the existence of such a system of legislation in which the



chairman is elected by mutual vote from among the members. The chairman of the Board of Directors of the League of Nations is generally elected by mutual vote at each meeting from among the members, and he acts as the temporary chairman until the new chairman is elected. The election of the chairman of the Joint Economic Committee will function almost in the same manner. We are thinking of establishing detailed prescriptions on this point in the procedure regulations that will be set up in the near future. As the members of this committee are formally Japan and Manchoukuo on an equal basis, we have taken this form of election.

SAKAMOTO: I feel that this committee is different from that of the League of Nations, but I shall not relate on that at present. The idea seems to be that there will be no mistakes because the Chief of General State Affairs occupying the important position of 'leading Manchuria' is an official of Japanese descent. However, we cannot be too positive that the present relations between Japan and Manchuria will never change forever, so I hope the authorities will put their fullest efforts in fulfilling the points stressed in the Foreign Minister's reply.

Chairman ICHINO: As there are no more discussions, we shall omit the second reading and pass on to the vote. Those in favor of this plan will please stand up.

(Every member stands up.)

Chairman ICHIKI: The whole council has decided in favor of it.

Chairman ICHIKI: We shall now proceed to the changes to be made in the organization of the Ministry of Communication. We shall have the first reading, and omitting the recitation, we shall immediately hear the investigation report.

Reporter MURAKAMI: Upon investigating the matter of making changes in the organization of the Ministry of Communication, which has been referred to the Privy Council by His Majesty the Emperor for deliberation, we deem it necessary to make the following changes.

To complete the establishment for supervising wireless electric facilities such as telegraph, wireless telephone, and others, which have shown a remarkable progress, a secretary, an engineer, two clerks and two assistant-engineers will be newly appointed. To have a more strict control over the electric wire, electric equipments, and the laborers in the engineering works, one administrative official, three clerks, and three assistant engineers will be added.

To take charge of the business affairs connected with the maintenance of the newly established air route between FUKUOKA and TAIHOKU, one aviation official and two assistant engineers will be appointed. Two clerks and one assistant engineer will be added as the business affairs for the purchasing and rationing of necessary supplies have increased with the progress of the communication business. A clerk will be added to supervise and take charge of the business affairs concerned with the plan of increasing the non-collecting and non-delivering third class post offices in every district.

As the ordinary mails have greatly increased in number, an engineer, six clerks and two assistant-engineers will be appointed to supervise and make plans for setting up machineries and other establishments. Four clerks will be appointed to intensify the censorship of foreign mails, which is necessary in controlling dangerous ideologies. Nine clerks and five assistant engineers will also be added to take charge of the business concerned with the maintenance of the expanding telephone business.

We hereby wish to make the above changes in the present organization of the Ministry of Communication. The number of employees will be increased by one secretary, one administrative official, and one officer in charge of aviation, two engineers, twenty-seven clerks, and fifteen assistant engineers.

Considering the fact that this draft for the Imperial Ordinance has been drawn to make necessary increase in the employees to cope with the increasing business affairs in the Ministry of Communication, and as we see no points to be contradicted, we believe it quite permissible to pass the plan as it is. My report on our investigation is as above.

Chairman ICHIKI: As there is no proposal, we shall omit the second reading and the rest and immediately proceed with the vote. Will those in favor of the plan please stand up?

(All stand up.)

Chairman ICHIKI: The whole council has decided in favor of it. The meeting will be adjourned for today.

(Time of adjournment: 11:05 a.m.)

Signed:

Chairman: ICHIKI, Kitokuro  
Chief Secretary: MURAKAMI, Kyochi.  
Secretaries: HIRIE, Sueo.  
MUTO, Morio.

Agreement on the Establishment of a Joint Economic  
Committee between Japan and Manchuria.

" Hoping to realize a rational unification of the economies of Japan and Manchoukuo in order to strengthen permanently the economic relations now existing between the two countries, and deeming it necessary to have a full and close cooperation on all economic problems essential to the relationship of both countries, according to the principles of the Japan-Manchoukuo Agreement signed on 15 September 1932, (15 September of the 1st year of Tatung) the two governments have decided to establish a Joint Economic Committee. The agreement on the establishment of the said committee is as follows:

Article I. A Joint Economic Committee between Japan and Manchoukuo will be established in Hsinking, Manchoukuo.

Article II. The committee will deliberate on and give opinion on all questions, submitted by the Japanese and Manchurian governments, concerning the economic tie of the two countries and the supervision of business of the Japanese-Manchurian joint special corporation.

Article III. The two governments shall execute any of the above matters only after having submitted them to the committee for deliberation.

Article IV. If necessary, the committee may make proposals to the governments of Japan and Manchoukuo on any matter concerning the rational economic unification of the two countries.

Article V. The organization and operation of the committee will be prescribed in the annex.

Article VI. The agreement will go into effect on the date of signature. Both Japanese and Chinese will be the official language, and in case of a difference in the interpretation of the two texts, it will be settled according to the Japanese text.

The following have signed to the agreement as proof to the above with proper authorization from their respective governments.

ANNEX

1. The committee shall consist of eight members. The governments of Japan and Manchoukuo each will appoint four members and report to each other. In case of absence of any member, a proxy may be appointed through the conference between the Japanese plenipotentiary in Manchoukuo and the Prime Minister of Manchoukuo. The proxy will perform his duties

as a member. Beside the above, the two governments may appoint, if necessary, the same number of temporary members after consultation.

2. The chairman of the committee will be elected by mutual vote from among the members.

3. Secretaries will be placed in the committee to take care of the general affairs. The same number will be appointed by the two governments from among the staff members.

4. All matters of the committee will be decided by a majority. In case of a tie the chairman will make the decision. The chairman may join in the vote as a member.

5. The committee will decide on its rules for procedure after obtaining approval of the two governments.

Imperial Ordinance No. \_\_\_\_\_

The following changes shall be made in the organization of the Ministry of Communication.

"Seventeen secretaries" in Article II shall be changed to "eighteen secretaries".

"Sixteen full-time administrative officials of the Ministry of Communication" in Article VII shall be changed to "seventeen full time administration officials of the Ministry of Communication".

"Eleven full-time officials in charge of aviation" in (2) of Article VII shall be changed to "twelve full-time officials in charge of aviation".

"Sixty-seven engineers" in Article VIII shall be changed to "sixty-nine engineers".

"Three hundred eighteen full-time clerks" in Article IX shall be changed to "Three hundred forty-five full-time clerks."

"One hundred twenty-nine assistant-engineers" in Article X shall be changed to "One hundred forty-four assistant engineers".

Supplement:

This ordinance shall go into effect on and after the day of promulgation.



C E R T I F I C A T E

W.D.C. No. \_\_\_\_\_  
I.P.S. No. 875

Statement of Source and Authenticity

I, Shuzo Jimbo, hereby certify that I am officially connected with the Japanese Government in the following capacity: Private Secretary to the President of the Privy Council, and that as such official I have custody of the document hereto attached consisting of \_\_\_\_\_ pages, dated July 3rd, 19 35, and described as follows: Consideration of Agreement Establishing Joint Japanese-Manchurian Committee on Financial Affairs.

I further certify that the attached record and document is an official document of the Japanese Government, and that it is part of the official archives and files of the following named ministry or department (specifying also the file number or citation, if any, or any other official designation of the regular location of the document in the archives or files): Privy Council, at the Imperial Palace Ground.

Signed at Tokyo on this  
10th day of July, 1946.

/s/ Shuzo Jimbo  
Signature of Official

Private secretary to the SEAL  
President of the Privy Council  
Official Capacity

Witness: /s/ Kichi, Chosokabe

Statement of Official Procurement

I, Edward P. Monaghan, hereby certify that I am associated with the General Headquarters of the Supreme Commander for the Allied Powers, and that the above described document was obtained by me from the above signed official of the Japanese Government in the conduct of my official business.

Signed at Tokyo on this  
10th day of July, 1946.

/s/ EDWARD P. MONAGHAN  
NAME

Witness: /s/ William C. Prout

Investigator I.P.S.  
Official Capacity